

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 PM-04 H-02 L-03 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 SAJ-01 ACDA-05 TRSE-00 /077 W

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R 151625Z SEP 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 3090

INFO USMISSION NATO

DIA WASHDC

C O N F I D E N T I A L ROME 11652

E.O. 11652: GDS TAGS: ELAB, PINT, IT

SUBJECT: MORO EXHORTS UNION RESPONSIBILITY, EXTENDS HAND  
TO PCI

SUMMARY: IN MAJOR DOMESTIC POLICY SPEECH SEPTEMBER 12 AT BARI TRADE FAIR, PRIME MINISTER MORO CALLED ON THE LABOR UNIONS TO HOLD THEIR DEMANDS IN FORTHCOMING CONTRACT RENEWAL NEGOTIATIONS TO GENERAL EUROPEAN WAGE LEVELS. LINKING PRESENT ECONOMIC DIFFICULTIES TO THE POLITICAL SITUATION, MORO RECOGNIZED THE "STRENGTH AND WEIGHT" OF THE COMMUNIST PARTY (PCI) IN ITALIAN LIFE AND STATED THAT HE WOULD COUNT ON THE "RESPONSIBILITY OF THE (PCI) OPPOSITION." IN RETURN, HE CALLED FOR A SERIOUS COMPETITIVE DIALOGUE ("CONFRONTO SERIO") WITH THE PCI ON "PROGRAM AND POLITICAL VIEWPOINT." HE ACKNOWLEDGED THAT IT IS UP TO THE POLITICAL PARTIES TO DECIDE ON POSSIBLE WAYS TO "ASSOCIATE" THE PCI IN SOME MANNER WITH THE GOVERNING MAJORITY, BUT EXPRESSED THE VIEW THAT A PCI-MAJORITY DIALOGUE AT THIS STAGE IS "SUFFICIENT." WARNING OF THE RISKS OF EARLY NATIONAL ELECTIONS SHOULD HIS GOVERNMENT FALL, MORO EXPRESSED HIS WILLINGNESS TO SOLDIER ON UNTIL THE SOCIALISTS CAN MAKE UP THEIR MINDS ON THEIR NATIONAL ROLE AND POLITICAL ALIGNMENT. PCI AND UNION REACTIONS WERE NOT LONG IN COMING (SEPTELS) AND CONSTITUTED INITIAL REBUFF TO MORO HOPES FOR A QUIET AUTUMN. END SUMMARY.

1. FIRST PORTION OF SEPTEMBER 12 SPEECH TO BARI TRADE FAIR

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DEVOTED BY PRIME MINISTER MORO TO ANALYSIS OF ECONOMIC SITUA-

TION WHICH LARGELY REITERATED VIEWS PREVIOUSLY EXPRESSED BY VICE-PREMIER LA MALFA. MORO THEN URGED THE MAJOR UNIONS TO ACT RESPONSIBLY IN THE FORTHCOMING CONTRACT RENEWAL NEGOTIATIONS. STATING THAT THE PRICE OF ITALIAN LABOR HAS ALREADY REACHED AND IN SOME CASES SURPASSED EUROPEAN LEVELS, MORO WARNED THAT IT WOULD BE "VERY DAMAGING" TO THE ECONOMY IF WAGE INCREASES WERE IMPLEMENTED HIGHER THAN THOSE WHICH WILL BE REALIZED IN OTHER MAJOR EUROPEAN INDUSTRIAL COUNTRIES IN 1976.

2. LINKING HIS CALL FOR UNION RESPONSIBILITY TO THE POLITICAL SITUATION, MORO APPEARED TO OFFER A FIRMLY STATED RECOGNITION OF THE "STRENGTH AND WEIGHT" OF THE ITALIAN COMMUNIST PARTY (PCI) IN EXCHANGE FOR THE LATTER'S HELP IN HOLDING THE UNIONS IN TOW. WARNING THAT THE POLITICAL SITUATION HAS "DETERIORATED" AND IS CURRENTLY "CLOUDY," MORO STATED THAT THERE EXIST "GRAVE UNCERTAINTIES" ON THE POSSIBILITIES FOR REALIZING EVEN A RADICALLY RENEWED CENTER-LEFT. THESE SAME GRAVE UNCERTAINTIES SURROUND "FORMULAS WHICH WOULD INVOLVE THE COMMUNIST PARTY, HALFWAY BETWEEN GOVERNMENT AND OPPOSITION. IT IS UP TO THE POLITICAL FORCES TO PRONOUNCE THEMSELVES ON A WAY OF SOME KIND TO ASSOCIATE THE COMMUNIST PARTY WITH THE MAJORITY, IN THE PRESENCE OF THOSE REASONS FOR DIVERSITY WHICH WE HAVE POINTED OUT ON OTHER OCCASIONS."

3. HAVING EVOKED THE SPECTER OF PCI "ASSOCIATIONS" WITH THE GOVERNMENT, MORO GOES ON TO MAKE REASONABLY CLEAR THAT HE IS NOT CALLING FOR SUCH AN ASSOCIATION AT THIS TIME, BUT RATHER THAT HE CONTINUES TO FAVOR A DIALOGUE BETWEEN THE PCI OPPOSITION AND THE MAJORITY. "NO ONE CAN, ABOVE ALL TODAY, THINK OF AVOIDING A SERIOUS, COMPETITIVE DIALOGUE (CONFRONTO SERIO)" WITH THE PCI ON PROGRAM CONTENT AND POLITICAL VIEWPOINT. "IN THE PRESENT SITUATION THIS IS IMPORTANT, ESSENTIAL, BUT ALSO SUFFICIENT. BEFORE WE THINK OF OTHER (POSSIBILITIES), UNREALIZABLE AND DANGEROUS, LET US FOLLOW THIS ROAD TO THE END."

4. HAVING TERMED HIS (PRESENT) POLICY OF DIALOGUE WITH THE PCI "SUFFICIENT" AT THIS TIME, MORO GOES ON TO DEFEND THE CONTINUED LIFE OF HIS GOVERNMENT IN TERMS OF A LACK OF ALTERNATIVES AND RISKS OF THE UNKNOWN. DEFINING THE PRESENT CHRISTIAN DEMOCRAT-REPUBLICAN PARTY GOVERNMENT AS ONE REPRESENTING

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THE MAXIMUM OF POLITICAL "SOLIDARITY" POSSIBLE AT THIS STAGE, HE WARNS THAT BARRING "CONSTRUCTIVE CHANGES" IN THE SITUATION, THE ONLY ALTERNATIVE TO HIS CONTINUATION IN OFFICE IS EARLY ELECTIONS. IT IS A GOVERNMENT WHICH REFLECTS THE REALITY OF A SOCIALIST PARTY "WHICH IS QUESTIONING WITH SERIOUSNESS" ITS FUTURE POLITICAL ROLE. MORO THEN EXPRESSED HIS WILLINGNESS TO CONTINUE IN OFFICE AS LONG AS A "WAITING PERIOD" IS POSSIBLE AND AS LONG AS HE IS ASKED TO SERVE, SINCE THIS WAS THE

MANDATE HE RECEIVED FROM PARLIAMENT.

5. ONE OF MAJOR PURPOSES OF MORO SPEECH CLEARLY WAS TO OFFER TO DEVELOP A BROADER DIALOGUE WITH THE COMMUNIST OPPOSITION IN RETURN FOR THE LATTER'S HELP IN HOLDING THE UNIONS WITHIN ACCEPTABLE BOUNDS IN THE FORTHCOMING CONTRACT RENEWAL NEGOTIATION. WHILE IT DID NOT REPRESENT A BREAK WITH HIS PAST ADVOCACY OF A "CONFRONTO" WITH THE PCI, IT DID PRESENT THE OFFER IN MORE URGENT AND CONCRETE TERMS. UNION AND PCI REACTIONS (SEPTELS) WERE NOT LONG IN COMING AND, AT LEAST INITIALLY, CONSTITUTE A REBUFF TO MORO'S PLEA FOR UNION RESTRAINT WITH PCI BACKING. VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LABOR RELATIONS, WAGES, ECONOMIC CONDITIONS, SPEECHES, LABOR OBJECTIVES, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 SEP 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750319-1059  
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**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 JUN 2003 by ifshinsr>; APPROVED <09 JUN 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MORO EXHORTS UNION RESPONSIBILITY, EXTENDS HAND TO PCI  
**TAGS:** ELAB, PINT, IT, PCI, (MORO, ALDO)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006